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THE AGRICULTURAL SITUATION

A Brief Summary of Economic Conditions

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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AN EARLY SPRING—SOME CROP READJUSTMENTS

It looks like an early spring, in line with that of two years ago, and in contrast to last year. Although hard storms have delayed operations in places, spring work and crop growth in the South are advancing rapidly. Fruit buds have developed almost too rapidly; many varieties were in full bloom by the middle of February in the Gulf States and even farther north. Truck shipments are heavy, the daily movement lately running around 100 cars of celery, 25 cars of tomatoes, and 12 cars of strawberries from Florida, 200 cars of lettuce from Imperial Valley, 75 cars of spinach from Texas, etc. Apparently, the plantings of several leading truck crops are being increased this season.

At planting time last spring the price of cotton was still fairly good though declining. Cotton acreage was increased. The price of potatoes was high but rapidly declining. Potato acreage was slightly increased. The price of wheat was also fairly high though declining. Spring wheat acreage was just about maintained. This spring those three important cash crops will be planted under the influence of lower but more stable price levels. The presumption is that present prices will tend to reduce cotton acreage, increase potatoes, and about maintain wheat. However, two important and rather new factors are entering into wheat and cotton production. One is the spread of the small combine east of the Rockies. The other is the development of machine cultivation and picking in the western Cotton Belt.

As to the case of the feed crops, their profit depends finally upon the relative prices of the livestock which eats them. The acreage of feed grains has been large and prices low the last two years. The probability is that the South is going to put in considerably more corn and other feed crops this year. All of which suggests that if acreages are sustained elsewhere a good growing season might bring another year of cheap feedstuffs. Nevertheless, the farm community is in much better position to make a profit out of low-priced feed crops this year than from low-priced cash crops.

Looking back a couple of years, the prices of sheep and lambs have been high but declining. The price of cattle has been low but slowly rising. Prices of hogs, dairy products, and poultry products have held a well-sustained middle ground. In general, livestock production has been in more nearly balanced adjustment lately than has crop production. The important thing this spring is a wise and fortunate acreage of cash crops.

KEY REGIONS AT A GLANCE

The East.—Alternated the past month between unseasonably warm weather and severe snowstorms. Buds opening in south, with occasional plowing, etc. Maple sugar season in north. Dairy outlook considered good for the year. Apple growers have made progress in unloading their heavy stocks. No marked changes in general spring outlook from last year.

The South.—Early season. Work advanced in many localities; fruit in bloom; potatoes planted; planting cotton around Gulf; truck and winter cereals showing rapid growth. Heavy shipments of early vegetables and of strawberries. Prospect of increased acreage of several truck crops. General talk of reduction in cotton acreage, especially in east, but too early yet to determine what actual reduction is likely to be.

Corn Belt.—Field work started in more southern areas where dry enough. Land generally unfit to work as yet. Roads bad. Winter wheat growing and condition reported fairly good. Livestock wintered well. Cattle feeders, especially of choice cattle, have done well. Hog raisers optimistic. Talk of some probable increase in breeding this year, depending, however, on corn prospect.

Wheat Belt.—Little frost in ground in central States. Sowing oats in south and earlier sowings already up. Wheat looks good in eastern belt; not so good in west. Late snows helped grain in western Kansas but has had bad start due to drought. Marketing end of old crop in the north and getting ready for spring work. Spring-wheat territory none too optimistic; had lean year. Fair amount moisture in ground, however.

Range Country.—Ranges covered with snow and ice lately over much of north. Many range horses frozen or starved; this in many cases not considered much loss; bands of "wild" horses have become a pest on the ranges in Wyoming and Montana. Some shrinkage in stock during blizzards in north but stock in south has come through mild winter in good shape. Lower ranges opening up; still muddy in some areas but generally benefited by ample snowfall. Lambing made good progress in south.

Pacific Coast.—Spring work well under way. Fruit in bloom in north and winter grain growing rapidly. Earlier field crops generally doing well; excellent stand of sugar beets in Sacramento Valley. Heavy shipments of oranges, lettuce, and vegetables from southern California. Coast entering new season under conditions apparently as good or better than last year.

TOTAL LIVESTOCK AND ANIMAL UNITS, 1921-1927

[In thousands]

	1921	1922	1923	1924	1925	1926	1927
Total livestock:							
North Atlantic...	9, 724	9, 367	9, 072	8, 669	8, 026	7, 870	7, 873
North Central...	88, 531	88, 795	98, 580	98, 001	89, 211	86, 880	85, 128
South Atlantic...	14, 460	13, 819	13, 265	12, 564	11, 402	10, 570	10, 590
South Central...	37, 220	36, 784	35, 617	33, 146	31, 122	29, 293	31, 034
Western.....	39, 261	38, 446	38, 523	38, 316	38, 129	38, 027	38, 354
United States...	189, 196	187, 211	195, 057	190, 696	177, 890	172, 640	172, 979
Animal units, (excluding swine):							
North Atlantic...	5, 989	5, 916	5, 890	5, 638	5, 369	5, 241	5, 166
North Central...	36, 909	36, 404	36, 611	36, 443	35, 520	34, 285	32, 807
South Atlantic...	6, 210	6, 002	5, 972	5, 754	5, 530	5, 200	5, 064
South Central...	18, 997	18, 989	18, 696	17, 728	17, 115	16, 427	16, 737
Western.....	15, 295	15, 320	15, 038	14, 758	14, 289	13, 772	13, 485
United States...	83, 400	82, 631	82, 207	80, 321	77, 823	74, 925	73, 259
Animal units (including swine):							
North Atlantic...	6, 388	6, 276	6, 237	5, 961	5, 621	5, 482	5, 425
North Central...	44, 305	44, 163	46, 443	46, 077	43, 644	42, 043	40, 444
South Atlantic...	7, 461	7, 181	7, 084	6, 783	6, 375	5, 952	5, 841
South Central...	21, 193	21, 112	20, 755	19, 469	18, 543	17, 673	18, 118
Western.....	15, 773	15, 813	15, 594	15, 300	14, 753	14, 185	13, 936
United States...	95, 120	94, 545	96, 113	93, 590	88, 936	85, 335	83, 764

Livestock units were computed from numbers January 1 each year by taking all horses and mules (including colts) and cattle 2 years old and over as 1; steers 1 to 2 as 0.85; heifers 1 to 2 as 0.70; calves as 0.40; sheep and lambs combined as 0.12; swine as 0.20.

These tables are valuable as showing the changes in the farm and ranch needs for feed grains, hay and fodders, pasture and range. The table of animal units, excluding swine, is significant as indicating the decreasing farm requirements for hay and fodders and pasture and range. The table including swine is more significant as showing the changing requirements for feed grains, especially corn.

During this period horses and all cattle have declined in numbers almost continuously; mules have increased a little; swine numbers increased from 1921 to 1924 and then declined; sheep have increased steadily since 1922.

C. L. HARLAN,
Division of Crop and Livestock Estimates, B. A. E.

CORRECTION.—The number of horses on farms as of January, 1, 1927, was 15,279,000 and not 12,279,000 as printed in the February issue, page 3.

AVERAGE PRICES OF FARM PRODUCTS RECEIVED BY PRODUCERS

Actual prices received by producers at local farm markets as reported to the Division of Crop and Livestock Estimates of this bureau. Average of reports covering the United States, weighted according to relative importance of district and State.

	5-year average, August, 1909- July, 1914	January average, 1910- 1914	Janu- ary, 1926	Decem- ber, 1926	Janu- ary, 1927
Cotton, per lb-----cents--	12. 4	12. 2	17. 4	10. 0	10. 6
Corn, per bu-----do-----	64. 2	58. 9	69. 6	64. 5	64. 3
Wheat, per bu-----do-----	88. 4	88. 4	158. 1	122. 8	122. 2
Hay, per ton-----dollars--	11. 87	11. 87	13. 31	13. 47	13. 38
Potatoes, per bu-----cents--	69. 7	64. 2	220. 5	137. 0	139. 1
Oats, per bu-----do-----	39. 9	39. 0	40. 0	41. 1	42. 6
Beef cattle, per 100 lbs -----dollars--	5. 22	5. 04	6. 31	6. 42	6. 45
Hogs, per 100 lbs---do-----	7. 23	7. 03	10. 99	10. 97	10. 97
Eggs, per dozen----cents--	21. 5	27. 9	36. 3	47. 6	36. 9
Butter, per lb-----do-----	25. 5	27. 8	44. 3	45. 5	44. 0
Butterfat, per lb---do-----			45. 2	47. 9	46. 9
Wool, per lb-----do-----	17. 7	18. 5	38. 9	30. 1	30. 9
Veal calves, per 100 lbs -----dollars--	6. 75	6. 78	9. 44	9. 44	9. 75
Lambs, per 100 lbs---do-----	5. 91	5. 79	12. 79	10. 92	10. 65
Horses-----	142. 00	139. 00	75. 00	73. 00	73. 00

The general level of farm prices declined from 127 to 126 per cent of pre-war level from December 15 to January 15. This is 17 points, or about 12 per cent, lower than for January a year ago. Farm prices of grain and meat animals showed little change. Cotton and cottonseed advanced slightly, while dairy and poultry products as a whole showed about the usual seasonal decline.

Farm prices of meat animals, dairy and poultry products, and unclassified products are at about the same general level as a year ago. Grains are 33 points, or 16 per cent, lower; cotton 53 points, or 38 per cent, lower; and fruits and vegetables 74 points, or 35 per cent, below January, 1926.

In the 12 North Central States the farm price of corn and wheat showed little change from December, while oats and barley made gains. Farm prices of hogs, beef cattle, sheep, and lambs were at about the same as the previous month, while veal calves were higher. The corn-hog ratio for the Corn Belt States stood at 18 for January.

PRICE INDEXES FOR JANUARY, 1927

Farm products figures from this bureau; commodity groups from Bureau of Labor Statistics (latter shown to nearest whole number). Shows year ago and latest available month.

FARM PRODUCTS

[Prices at the farm; August, 1909–July, 1914=100]

	January, 1926	December, 1926	January, 1927	Month trend
Cotton.....	139	81	85	Higher.
Corn.....	108	100	100	Unchanged.
Wheat.....	179	139	138	Lower.
Hay.....	112	114	113	Do.
Potatoes.....	316	197	200	Higher.
Beef cattle.....	121	123	124	Do.
Hogs.....	152	152	152	Unchanged.
Eggs.....	169	221	172	Lower.
Butter.....	174	178	173	Do.
Wool.....	219	169	174	Higher.

COMMODITY GROUPS

[Wholesale prices; 1910–1914=100¹]

	January, 1926	December, 1926	January, 1927	Month trend
Farm products.....	152	135	137	Higher.
Food, etc.....	155	150	149	Lower.
Cloths and clothing.....	189	172	171	Do.
Fuel and lighting.....	205	212	209	Do.
Metal and metal prod- ucts.....	138	135	133	Do.
Building materials.....	183	178	175	Do.
Chemicals, etc.....	132	127	121	Do.
House-furnishing goods...	170	165	163	Do.
All commodities.....	159	150	150	Unchanged.

¹ Bureau of Labor Statistics index numbers converted to 1900–1914 base.

RELATIVE PURCHASING POWER

[At January, 1927, farm prices; August, 1909,—July, 1914=100]

In terms of—	Of a unit of—				
	Cotton	Corn	Wheat	Hay	Potatoes
All commodities.....	57	67	92	75	134
Cloths, etc.....	50	59	81	66	117
Fuel, etc.....	41	48	66	54	96
Metals, etc.....	64	75	104	85	150
Building materials.....	49	57	79	64	114
House-furnishing goods...	53	62	85	69	123

In terms of—	Beef cattle	Hogs	Eggs	Butter	Wool
All commodities.....	83	101	115	115	116
Cloths, etc.....	73	89	101	101	102
Fuel, etc.....	59	73	82	83	83
Metals, etc.....	93	114	129	129	130
Building materials.....	71	87	98	99	99
House-furnishing goods...	76	93	105	106	107

Of the five representative crops shown above, the index of exchange position improved 3 points each in the case of cotton and potatoes during January. Wheat and hay each declined 1 point. Corn remained unchanged.

Among the livestock products, beef cattle advanced 1 point and wool 3 points. Eggs showed a seasonal decline of 33 points and butter declined 4 points. Hogs remained unchanged.

The above table gives a fairly good picture of the relative situation in the major lines of agricultural production. It reflects in some degree the regional situation. Cotton has a low purchasing power and the South is talking some reduction of cotton acreage and substitution of grain and truck crops. Potatoes are high enough to presumably induce some expansion of acreage. Wheat is apparently not high enough to induce much expansion. The animal products, excepting beef cattle, are high enough, presumably, to stimulate production, and on the range end cattlemen are even inclined to bid up the prices of cows.

The general index of purchasing power of farm products in terms of nonagricultural commodities advanced 1 point to 81 in January, the five pre-war years being considered as 100. This compares with 88 the previous January and 84 two years previous.

GENERAL BUSINESS INDICATORS RELATED TO AGRICULTURE

	1926, January	1926, December	1927, January	Month's trend
PRODUCTION				
Pig iron daily (thousand tons)----	107	100	100	Unchanged.
Bituminous coal (million tons)----	54	58	57	Lower.
Steel ingots (thousand long tons)--	4, 150	3, 472	3, 807	Higher.
CONSUMPTION				
Cotton by mills (thousand bales)--	582	605	605	Unchanged.
Unfilled orders Steel Corporation (thousand tons).	4, 883	3, 961	3, 800	Lower.
Building contracts (million dol- lars).	378	481	327	Do.
Hogs slaughtered (thousands)----	2, 721	2, 441	2, 694	Higher.
Cattle slaughtered (thousands)---	1, 144	1, 136	1, 136	Unchanged.
Sheep slaughtered (thousands)----	856	934	921	Lower.
MOVEMENTS				
Bank clearings (New York) (bil- lion dollars).	27	27	26	Lower.
Car loadings (thousands)-----	4, 428	3, 780	4, 525	Higher.
Mail-order sales (million dollars)--	38	53	35	Lower.
Employees, New York State fac- tories (thousands).	513	495	485	Do.
Average price 25 industrial stocks (dollars).	180	179	175	Do.
Interest rate (4-6 months' paper, New York).	4. 38	4. 38	4. 25	Do.
Retail food price index (Depart- ment of Labor). ¹	164	162	159	Do.
Wholesale price index (Depart- ment of Labor). ¹	156	147	147	Unchanged.

¹ 1913=100.

Some leading lines of industry have slowed down, notably automobiles and building. The stock market underwent something of a slump a month ago, though with partial recovery since. Employment has shown signs of falling off rather than increasing. The steel industry has shown some definite recession of activity. The possibility of a bituminous coal strike next month now looms large.

On the other side of the picture stand the fact that retail distribution has kept its channels well cleared and the further fact that credit continues easy. Cheap credit can do a great many things in the direction of industrial activity. It stimulates building and repairing, encourages replenishment of stock and of productive equipment, makes possible expansion wherever there is any warrant for it. Easy money is a very bullish factor and easy credit seems to continue to prevail in this country. Meanwhile industry continues active and the urban community generally prosperous.

The business situation still offers no outstanding signals so far as the plans of farmers might be concerned. It may suggest conservatism, though there is little therein which can be translated into very practical meaning for the average individual farmer. The presumption is that the domestic market will continue to absorb farm products this year about as usual.

GENERAL TREND OF WAGES AND PRICES

[1913-1914=100]

Year and month	General wage level ¹	Farm wages ²	Retail price of food ³	Wholesale price of food ³	Wholesale price all commodities ⁴
1910-----	-----	97	96	100	103
1911-----	-----	97	95	96	95
1912-----	-----	101	101	103	101
1913-----	-----	104	103	99	102
1914-----	⁵ 100	101	106	101	100
1915-----	101	102	104	104	103
1916-----	114	112	117	120	129
1917-----	129	140	151	166	180
1918-----	160	176	174	187	198
1919-----	185	206	192	205	210
1920-----	222	239	210	218	230
1921-----	203	150	158	143	150
1922-----	197	146	146	137	152
1923-----	214	166	151	143	156
1924-----	218	166	150	143	152
1925-----	223	168	162	156	162
1926-----	228	171	166	152	154
January—					
1921-----	217	-----	177	161	173
1922-----	192	-----	146	130	141
1923-----	206	137	148	140	159
1924-----	219	159	154	142	154
1925-----	223	156	159	159	163
1926					
January-----	229	159	169	155	159
February-----	225	-----	166	152	158
March-----	229	-----	165	150	154
April-----	227	166	167	152	154
May-----	226	-----	166	153	154
June-----	228	-----	165	156	155
July-----	227	174	162	153	153
August-----	227	-----	161	150	152
September-----	231	-----	163	151	153
October-----	231	176	165	151	152
November-----	230	-----	167	150	151
December-----	232	-----	167	150	150
1927					
January-----	232	162	164	149	150

¹ Average weekly earnings, New York State factories.² Index based on both monthly and daily wages.³ Bureau of Labor Statistics index numbers converted to 1910-1914 base.⁴ Bureau of Labor Statistics.⁵ June.

GENERAL TREND OF PRICES AND PURCHASING POWER

[On five-year base, August, 1909–July, 1914=100]

Year and month	Index numbers of farm prices							Wholesale prices of nonagricultural commodities ¹	Relative purchasing power of farmer's product ²
	Grains	Fruits and vegetables	Meat animals	Dairy and poultry products	Cotton and cottonseed	Unclassified	All groups, 30 items		
1910.....	104	91	103	101	113	102	103	102	101
1911.....	96	106	87	95	101	103	95	96	99
1912.....	106	110	95	103	87	106	99	100	99
1913.....	92	92	108	100	97	94	100	105	95
1914.....	103	100	112	101	85	95	102	97	105
1915.....	120	83	104	99	78	95	100	101	99
1916.....	126	123	120	106	119	100	117	138	85
1917.....	217	202	173	133	187	130	176	182	97
1918.....	226	162	202	160	245	157	200	188	107
1919.....	231	189	206	182	247	162	209	199	105
1920.....	231	249	173	197	248	152	205	241	85
1921.....	112	148	108	151	101	90	116	167	69
1922.....	105	152	113	135	156	94	124	168	74
1923.....	114	136	106	147	216	109	135	171	79
1924.....	129	124	109	137	211	100	134	162	83
1925.....	156	160	139	143	177	92	147	165	89
1926.....	129	189	146	141	122	88	136	161	85
January—									
1921.....	138	136	123	190	93	105	135	196	69
1922.....	90	159	95	149	129	83	114	158	72
1923.....	113	117	110	157	203	104	134	177	76
1924.....	110	118	101	155	255	99	137	164	84
1925.....	172	122	123	154	182	94	146	165	88
1926.....	143	214	140	153	138	87	143	165	87
1926									
July.....	125	195	152	131	126	85	136	159	85
August.....	128	166	144	130	130	89	133	160	83
September.....	121	136	148	139	134	93	134	161	83
October.....	123	136	148	144	94	97	130	160	81
November.....	121	142	142	157	88	97	130	161	80
December.....	120	137	140	161	81	91	127	158	80
1927									
January.....	120	140	140	152	85	87	126	156	81

¹ Computed by Bureau of Labor Statistics from wholesale prices of all commodities except those from United States farms. 1910–1914 = 100.

² The value of a unit of the farmer's product in exchange for nonagricultural products at wholesale prices, compared with pre-war values. Obtained by dividing index of all groups (30 items) by the index of the wholesale prices of nonagricultural products.

THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets, compiled by this bureau. All figures given to nearest thousand; that is, three ciphers omitted.

Month	Receipts					
	Wheat	Corn	Hogs	Cattle	Sheep	Butter
	<i>Thousand bushels</i>	<i>Thousand bushels</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousand pounds</i>
Total—						
1920.....	332, 314	210, 332	42, 121	22, 197	23, 538	402, 755
1921.....	435, 606	340, 908	41, 101	19, 787	24, 168	468, 150
1922.....	413, 106	378, 598	44, 068	23, 218	22, 364	526, 714
1923.....	386, 430	271, 858	55, 330	23, 211	22, 025	545, 380
1924.....	482, 007	278, 719	55, 414	23, 695	22, 201	587, 477
1925.....	346, 381	223, 604	43, 929	24, 067	22, 100	574, 489
1926.....	362, 876	234, 873	39, 772	23, 872	23, 868	549, 472
January—						
1920.....	22, 697	20, 623	5, 262	1, 881	1, 614	24, 692
1921.....	30, 393	39, 991	4, 700	1, 644	1, 792	23, 482
1922.....	17, 911	46, 537	4, 278	1, 628	1, 835	34, 624
1923.....	38, 002	37, 526	5, 306	1, 876	1, 636	40, 304
1924.....	15, 548	30, 594	6, 253	1, 888	1, 697	37, 451
1925.....	23, 247	35, 820	6, 105	1, 869	1, 467	37, 781
1926						
January.....	19, 076	28, 268	4, 304	1, 840	1, 548	39, 424
February.....	15, 923	25, 718	3, 372	1, 551	1, 486	39, 507
March.....	15, 052	20, 080	3, 579	1, 811	1, 695	46, 077
April.....	13, 458	12, 589	3, 135	1, 711	1, 502	45, 501
May.....	15, 260	11, 972	3, 037	1, 894	1, 717	54, 464
June.....	18, 505	23, 912	3, 143	1, 871	1, 913	75, 931
July.....	68, 200	13, 353	2, 854	1, 821	1, 739	68, 393
August.....	67, 952	11, 513	2, 804	1, 997	2, 277	50, 476
September.....	46, 266	13, 740	2, 819	2, 397	3, 279	44, 761
October.....	35, 124	28, 613	3, 261	2, 674	3, 090	38, 166
November.....	28, 229	22, 587	3, 554	2, 460	1, 917	34, 180
December.....	19, 831	22, 528	3, 910	1, 846	1, 706	36, 054
1927						
January.....	19, 379	23, 658	4, 252	1, 832	1, 740	37, 705

The movement of wheat to market during January was practically the same as in December and was not far out of line with usual January movement. The movement of corn, though slightly heavier than the previous month, was light as compared with January of recent years.

Hog receipts were almost identical with January, 1922, but being much below that month in the succeeding years.

Cattle came to market, during January, in numbers about like the last three years. Receipts of both hogs and cattle continue to reflect the production situation as compared with recent years.

Market receipts of sheep and lambs continue to increase. This, also, is a direct reflection of production, indicating a trend that will eventually have to be reckoned with by sheep raisers.

Butter receipts were slightly larger than the previous month and were practically the same as during January of the last two years.

THE TREND OF EXPORT MOVEMENT

[Compiled from the Department of Commerce reports by Division of Statistical Research of this bureau]

Month	Wheat, ¹ including flour	Tobacco (leaf)	Bacon, ² hams, and shoulders	Lard	Total ³ meats	Cotton ⁴ (run- ning bales)
Total—	<i>1,000 bushels</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 bales</i>
1920-----	311, 601	467, 662	821, 922	612, 250	1, 043, 500	6, 111
1921-----	359, 021	515, 353	647, 680	868, 942	786, 280	6, 385
1922-----	235, 307	430, 908	631, 452	766, 950	733, 832	6, 015
1923-----	175, 190	474, 500	828, 890	1, 035, 382	958, 472	5, 224
1924-----	241, 454	546, 555	637, 980	944, 095	729, 832	6, 653
1925-----	138, 784	468, 471	467, 459	688, 829	547, 361	8, 362
1926-----	193, 861	478, 769	351, 591	698, 971	428, 613	8, 916
January—						
1920-----	12, 358	46, 757	91, 407	38, 824	123, 929	922
1921-----	27, 361	46, 852	60, 072	76, 185	90, 800	600
1922-----	15, 231	32, 265	48, 120	73, 194	55, 777	459
1923-----	12, 751	41, 309	74, 432	107, 786	86, 938	471
1924-----	12, 486	47, 579	79, 067	132, 758	90, 429	540
1925-----	13, 126	35, 448	56, 169	78, 440	65, 705	1, 052
1926						
January-----	5, 587	46, 891	46, 654	76, 670	53, 833	735
February-----	4, 742	47, 147	37, 187	65, 356	45, 292	545
March-----	7, 039	36, 167	34, 133	64, 259	40, 641	512
April-----	6, 452	43, 388	31, 410	63, 160	37, 947	506
May-----	12, 558	27, 431	30, 104	58, 154	35, 197	412
June-----	11, 210	30, 762	23, 861	56, 482	29, 959	339
July-----	19, 811	29, 760	22, 457	45, 879	28, 221	356
August-----	35, 774	26, 263	29, 090	54, 273	34, 762	385
September-----	31, 031	38, 319	26, 927	61, 577	33, 843	789
October-----	24, 098	53, 129	23, 873	46, 988	30, 384	1, 359
November-----	20, 545	49, 136	22, 384	43, 488	30, 177	1, 475
December-----	15, 301	50, 375	23, 503	62, 690	28, 746	1, 504
1927						
January-----	12, 821	66, 337	20, 597	59, 842	25, 748	1, 074

¹ Wheat flour is converted on a basis of 4.7 bushels of grain equal 1 barrel of flour

² Includes Cumberland and Wiltshire sides.

³ Includes fresh, canned, and pickled beef, bacon, hams, and shoulders; fresh, canned, and pickled pork; fresh mutton and lamb.

⁴ Excludes linters.

COLD-STORAGE SITUATION

[February 1 holdings (shows nearest million, six figures omitted)]

Commodity	5-year average	Year ago	Month ago	Feb. 1, 1927
Creamery butter, lbs.....	30	39	34	18
American cheese, lbs.....	36	50	55	46
Case eggs, cases.....	¹ 310	¹ 578	¹ 1, 096	¹ 252
Total poultry, lbs.....	114	109	144	145
Total beef, lbs.....	103	81	101	95
Total pork, lbs.....	662	556	473	588
Lard, lbs.....	70	64	50	69
Lamb and mutton, lbs.....	¹ 3, 378	¹ 2, 354	¹ 4, 556	¹ 4, 429
Total meats, lbs.....	841	696	642	749
Apples, bbls.....	¹ 5, 963	¹ 7, 051	¹ 9, 356	¹ 7, 333

¹ Thousands, or three figures omitted.

Storage holdings on February 1 continued to reflect the season of outward movement for butter and cheese. Butter stocks in particular were reduced by nearly half and remain considerably below the average quantity in storage. Cheese stocks declined.

Eggs moved out of storage in the usual volume. Stocks are less than half those of last year and are somewhat below the average. Stocks of dressed poultry, on the other hand, increased slightly, as is usual. Poultry stocks in storage are relatively heavy.

Beef moved out of storage in small volume, as is usual. Stocks are slightly below last year and average.

Stocks of pork in storage increased during the month, as is also the usual trend. The amount of pork as well as lard in storage is slightly greater than last year but below the five-year average.

Stocks of lamb and mutton are heavy.

Apples showed a healthy reduction of stocks during January. Storage stocks are only 4 per cent greater than a year ago and quantity of barreled apples only about 7 per cent above the five-year average. Apples have been moving out of storage about one-third faster than last season.

THE DAIRY SITUATION

The dairy situation continues to be dominated by a generally firm feeling, due to short supplies and good demand. Surpluses are reported in some local fluid milk markets, but, on the whole, and particularly with reference to manufactured products, the opposite is the case, and there are real shortages. Even in milk markets, price changes the past month do not of themselves indicate any material change in the situation as compared with a month ago. Reports of current production are irregular, but seem to indicate that there is a tendency toward a slight increase, although all reports

agree in showing that 1927 production has not approached that of last year. The estimate of total United States butter production for the month of January represents an increase of 7 per cent over that of December but a decrease of 1 per cent below January, 1926. Receipts of butter at principal markets since January 1 are over 4 per cent less than during the same period a year ago, with February alone running even shorter than that. Cheese receipts at Wisconsin warehouses are picking up under the influence of more favorable weather conditions. Increases over short periods at this particular time of the year, however, are not always to be accepted as evidence of increased production, as they may be due to irregularities in deliveries of cheese by factories. Despite this, however, it is safe to assume that cheese production is still some 10 per cent below last year. Production of condensed and evaporated milk appears to be increasing, reports from manufacturers indicating a January increase of approximately 5 per cent over January, 1926. The market on these products is firm, with stocks of 80,000,000 pounds on February 1 being the lowest on record at any time since February 1, 1923.

One of the most significant things to mention this month is the relatively high level around which butter prices have hung. True to the prediction of some of the trade, February prices have been high. Just at the moment butter prices are higher than at the same period any year since 1920, being approximately 9 cents higher than last year and 14 cents higher than at this same time in February, 1925. The trend of butter prices during the month has been somewhat similar to the trend in February, 1923, although averaging right along about 2 cents to 3 cents higher. The principal factor supporting this year's prices is the short supply. As already mentioned, current production is light, but, furthermore, storage stocks are already reduced to what may be called an unimportant amount from the standpoint of supply. In the principal wholesale markets stocks of butter in cold-storage warehouses are already lower than at any time during 1926, and on February 1 total United States stocks were practically the same amount as was in storage on April 1, 1926, the low point of the year. Existing light stocks have caused many buyers of butter to shift from the use of storage to fresh goods, thus increasing the demand for fresh butter of current make. This has also brought about a narrowing of the range of prices between top grades and lower grades of butter, the difference being 2 cents to 3 cents now compared with differences twice as great two months ago. Supplies of domestic butter are being supplemented somewhat by imports, although the quantities are relatively small and have apparently had no immediate influence on domestic prices. The relation of foreign and domestic prices and the hesitancy of dealers to assume speculative risks at this season of the year have prevented any real active interest in foreign offerings. Cheese prices are slightly higher than a year ago, and for the past three months have followed the usual seasonal trend. The immediate trend is downward.

L. M. DAVIS,
Division of Dairy and Poultry Products, B. A. E.

DAIRY SITUATION

[Thousand pounds, i. e., 000 omitted]

BUTTER SUMMARY

	January		Per cent change
	1927	1926	
Production: ¹			
Creamery.....	94, 346	94, 436	-0. 09
Farm.....	34, 941	35, 554	-1. 7
Total.....	129, 287	129, 990	+0. 5
Net imports.....	239	1, 834	-----
In storage (1st).....	34, 347	52, 785	-----
In storage (end).....	17, 967	39, 389	-----
Trade output.....	145, 906	145, 220	+0. 5
Milk equivalent.....	3, 064, 026	3, 049, 620	+0. 5
Receipts 4 markets (gross).....	42, 872	44, 980	-4. 7

CHEESE SUMMARY

Production ²	21, 496	25, 500	-15. 7
Net imports.....	5, 251	4, 448	-----
In storage (1st).....	72, 055	76, 649	-----
In storage (end).....	62, 186	67, 540	-----
Trade output.....	36, 616	39, 057	-6. 2
Milk equivalent.....	366, 160	390, 570	-6. 2
Receipts, Wisconsin warehouse.....	13, 820	16, 401	-15. 7

CONDENSED AND EVAPORATED MILK SUMMARY

Production ¹	107, 581	102, 850	+4. 6
Net exports.....	8, 242	9, 623	-----
In manufacturers' hands (1st).....	101, 320	156, 272	-----
In manufacturers' hands (end).....	80, 179	135, 662	-----
Trade output.....	120, 480	113, 837	+5. 8
Milk equivalent.....	301, 200	284, 593	+5. 8

TOTAL MILK EQUIVALENT—BUTTER, CHEESE, AND CONDENSED MILK

Production.....	3, 198, 839	3, 241, 915	-1. 3
Trade output.....	3, 731, 386	3, 724, 783	+0. 2

DRY MILK

Skim milk (stocks Feb. 1).....	7, 840	4, 218	+85. 9
Dry milk imports (net).....	169	142	-----

¹ Estimated from special reports to this bureau.² Estimated from receipts at Wisconsin warehouse.

THE EGG AND POULTRY SITUATION

The egg market has been going through the period of decline usual to the months of January and February. This is the period where the storage deal of the previous season drags to a close and when all eyes in the egg trade turn toward the outlook for the new season. At such times nervous and unsettled sentiment results in unstable, fluctuating markets, where weather changes, market gossip, and small shifts in supply and demand play a magnified role. At the outset of 1927 egg prices were somewhat above 1926. During January declines brought prices nearly to a level with the previous year. In February the downward course continued with declines ranging from 8 to 14 cents on various grades of eggs. Last year's declines in February were but 5 to 8 cents on comparable grades. Ruling prices are now, at the close of February, several cents below a year ago.

Receipts at the larger terminal markets are coming in heavier than in 1926. This is believed to represent heavier production due to fairly favorable weather, increased flocks, and the general tendency to increase winter egg production as compared to other seasons. The increase in February over last year is about 3 per cent. This is not large but has been sufficient to force the market level below a year ago. Of course, at this period of the year, the expected developments in the supply side of the market are of great influence. The fact that market operators generally are looking for further increases in supplies as the season advances has been of as great effect as the increases that have already occurred.

The 1926-27 egg storage deal is just about completed. Stocks remaining in storage are light, generally thought to consist of the less desirable lots, and where they once occupied the foreground in the market picture they have faded into the background. Storage stocks of shell eggs on February 1 were reported as 252,000 cases, compared with 578,000 cases February 1, 1926, and 310,000 cases for the February 1 five-year average. During the month reductions have not been as heavy as they were a year earlier, and it is likely, therefore, that the March 1 figures for the two years will be somewhat closer together. The general sentiment at the close of the old deal and the opening of the new is one of caution. Perhaps the trade recalls too distinctly losses that have been taken in some recent years and is anxious for a lower storing level than prevailed a year ago. As a general thing, the quality of goods now being received is not suitable for storage. However, at some points, particularly on the Pacific coast, the new storing season is reported as under way.

Live-poultry markets have been fairly steady considering the lack of stability which so frequently characterizes this commodity. Prices have been sustained for the most part, and some advances have been made. Demand for early broilers has been especially good, and light fowl have moved well. The general price level is slightly higher than in 1926.

The dressed-poultry situation has been slightly unsettled. Receipts have been moderate, but the very heavy storage holdings tend to depress the market. The new record storage holdings attained on January 1 was broken when stocks on February 1 showed a slight increase to 144,845,000 pounds. Now, in addition to these heavier supplies, decreases are not occurring with the rapidity of a year ago. Prices have shown some tendency to work lower, largely a reflection of this storage situation.

C. E. ECKLES,

Division of Dairy and Poultry Products, B. A. E.

POULTRY AND EGG SITUATION

[Thousands, i. e., 000 omitted]

STOCKS IN STORAGE, FEBRUARY 1, 1927—UNITED STATES

	Shell eggs	Frozen eggs	Dressed poultry
	<i>Cases</i>	<i>Pounds</i>	<i>Pounds</i>
1927.....	252	31, 188	144, 845
1926.....	578	29, 256	108, 512
Change.....	— 326	+1, 932	+36, 333
Per cent.....	—56. 4	+ . 066	+ . 335
Per cent change from 5-year average.....	—18. 7	+44. 4	+26. 7

IMPORTS AND EXPORTS OF POULTRY AND EGGS, JANUARY 1—JANUARY 31, 1927

	Imports		Exports	
	1927	1926	1927	1926
Shell eggs.....dozens.....	33	30	1, 641	1, 525
Whole eggs, dried.....pounds.....	335	38	1 15	1 40
Whole eggs, frozen.....do.....	517	170		
Yolks, dried.....do.....	324	309		
Yolks, frozen.....do.....	518	84		
Egg albumen, dried.....do.....	263	247		
Egg albumen, frozen, prepared, or preserved.....pounds.....	407	193	30	32
Live poultry.....do.....	96	84		
Dressed poultry.....do.....	566	659	2 155	2 367
Poultry prepared in any manner.....do.....	117	55		

¹ Includes all forms of frozen and dried eggs.² Includes game.

RECEIPTS AND APPARENT TRADE OUTPUT AT FOUR MARKETS—EGGS (CASES)

	January		
	Receipts	Net storage movement	Apparent trade output
1927.....	916	—413	1, 329
1926.....	852	—497	1, 349
Change.....	+64	-----	—20
Per cent.....	+7. 5	-----	—1. 5

RECEIPTS AND APPARENT TRADE OUTPUT AT FOUR MARKETS—DRESSED POULTRY (POUNDS)

	January		
	Receipts	Net storage movement	Apparent trade output
1927.....	26, 653	+1, 856	24, 797
1926.....	26, 122	—346	26, 468
Change.....	+531	-----	—1. 671
Per cent.....	+2	-----	—6. 3

FRUIT AND VEGETABLE SITUATION

Main features of the fruit and vegetable situation include a slowly rising apple market, the recent gradual and not very severe decline in potatoes, a drop in the price of cabbage, and reports of earliness and increased acreage of most southern truck crops, with liberal supplies already indicated by active car-lot shipments and tendency toward declining prices.

The rather heavy winter supplies lent emphasis to the various "Caution" and "Stop" signals included in the forecasts issued by the Department of Agriculture a month ago. Reduction was advised in acreage on onions, sweet potatoes, cabbage, melons, and cantaloupes. Any heavy increase in potato planting was considered undesirable.

Apple market looks better.—Holders of apples have been watching the market closely because of a slowly rising trend of winter prices after one of the greatest market crops ever grown. From the last of October to late in February the advance was 50 cents to \$1 per barrel for some of the prominent varieties and 50 to 75 cents per box for leading lines of Northwestern boxed apples. Standard barreled stock has been selling from \$2 to \$4. The range varies considerably in different markets, the lowest prices being in those supplied from the extremely heavy production of the Cumberland Shenandoah region, but middle western markets have been generally higher than those farther east. The position of the eastern holders now seems rather more favorable, with shipments from the Northwest decreasing and remaining supplies apparently light in mid-western shipping sections. The apple market seems to have been slowly catching up to last season's conditions and prices.

The situation seems fairly well sustained by underlying conditions. Cold-storage stocks, according to latest report, are only 4 per cent greater than a year ago, and quantity of barreled apples held only about 7 per cent above the five-year average. Apples have been coming out of cold storage one-third faster than last season. The February report showed net withdrawals equivalent to nearly 2,000,000 barrels. Export trade has exceeded that of last season by one-half and is likely to continue active late in the season because of the anticipated partial failure of the spring supply from Australia. Usually about one-fifth of the exports of North American apples go out after March 1, calling for at least a million barrels more on that basis.

Estimates of car-lot shipments of apples indicate between 10,000 and 15,000 cars to be shipped after March 1, about equally divided between apples of the boxed and barreled regions, and to come mostly from Washington, western New York, and the Virginia-West Virginia region. The estimated total apple shipments of about 129,000 cars would be only about 1 per cent greater than those of last season. Since the quantity remaining in cold storage is only moderately larger this year and the increases more than offset by the heavy export movement, it appears that the position of holders of long-keeping fruit is not wholly unfavorable. The weak feature is the eastern fruit in common storage which must be cleared out soon.

It is too early to say much about the coming season except possibly to note that one big fruit year seldom follows another, if for no

other reason than the exhausted condition of many of the orchards which have overborne. The season is starting earlier in the South and an early season is often somewhat unfavorable to the set of fruit.

Other fruits active.—Shipments of oranges have been about 15 per cent heavier this season. Florida estimates indicate about 9,000 cars of oranges and grapefruit to be moved from that State after March 1, which would be some 2,000 cars under the corresponding movement of last season. California oranges are in heavy supply so far this season. It looks like another year of activity for the citrus fruits.

Strawberry production tends to increase in series of three years or so. Planting was neglected during the war period but has gained rapidly since. Bearing acreage became heavy in 1922, 1923, and 1924. It was lighter again in 1925 but gained 5 per cent in 1926 and shows further increases of over 20 per cent in the various early and mid-season shipping sections. Accordingly, some caution is needed in setting the acreage next spring for the following season's crop. The winter has been generally favorable. Average condition of plants is reported better than usual, which suggests an active berry year, aside from the danger of frost and drought, both more or less frequent happenings in early seasons. Shipments from Louisiana promise to exceed last season's output by some 50 per cent, and this movement of perhaps 3,000 cars mostly in April will mark the active beginning of the new fruit season.

Potato holdings moderate.—The winter course of the potato market was rather disappointing to holders. Shipments from the late potato region were not much greater than those of the season before. Potato movement has been less this season from the central west and central northwest and from Pennsylvania and western New York but greater from Maine and the Pacific coast region. February reports of holdings show about 12,000,000 bushels more than last season but 17,000,000 less than average. The surplus over last year seems to be mainly in the Great Lakes region and in Maine. Active February shipments above 4,000 cars per week considerably reduced the excess holdings. Probably the supply of old potatoes will continue nearly equal to average requirements. Shipments from the first of March to the end of the season are likely to exceed 50,000 cars, compared with 47,000 last season, with 55,000 to 63,000 in various recent years of more liberal production. Shipments may be expected to increase as usual with the more favorable weather conditions of March and to decrease rapidly during April and May. Receipts from Canada have not been much larger this season. The quality of the potato crop was not up to average, but there is nothing to show any unusual defects in the stock remaining.

Local supplies have been liberal in most consuming markets. Fruits and vegetables were generally abundant, and the declining tendency of many staple farm products probably added a depressing effect to the course of the potato market. Prices fell 25 to 50 cents per 100 pounds in January and February, bringing quotations at many shipping points well below \$2 per 100 pounds, and the city markets also reached a slightly lower range of \$2 to \$2.75. The declines were much like those of January and February last season. The similar decline a year ago was followed in March, 1926, by recovery to new high levels near the end of that month.

Early reports of planting show intention to increase general potato acreage about 13 per cent. Under ordinary conditions the probable result would be a rather large crop to sell at considerably lower prices. Estimated gains of 10,000 to 15,000 acres in the Florida-Texas-Louisiana region suggest a little more competition between old and new potatoes during the spring months. Reported intentions to plant in mid-season States farther north show some decreases, especially in heavy shipping States of Virginia and North Carolina, and taken as a group the second early States may not increase the rather liberal acreage planted last season. Apparently the heaviest general increase according to present plans of producers would be in the main crop region.

Too many sweet potatoes.—The large production in the northern part of the sweet potato belt seems mainly responsible for the depressed condition the past season. This section is a source of almost half the shipments and largely supplies the great markets of the Northeast. Recent prices of \$1 to \$2 per bushel in city markets compare unfavorably with last season's general range. Carload shipments have not been much greater this season, but there was considerable stock in storage, and the movement still runs at the rate of about 400 cars per week.

Competing cabbage supplies.—Heavy holdings of cabbage in northern producing sections have been moving to market actively at the same time with active shipments of new cabbage from the South. Texas cabbage has been abundant in the markets. Increased acreage and an early season is responsible for the severe competition. Old cabbage declined to a range of \$15 to \$23 per ton in the cities and \$10 to \$12 at country shipping points, compared with about three times this range of prices a year ago, and Texas cabbage has been selling a \$10 to \$12 per ton in producing sections, having declined about half during late January and in February.

Old onions moving well.—The midwinter rise of about 50 cents in the price of yellow onions was fairly well maintained through the rest of the winter with active market movement at a general range of \$2.50 to \$3 per 100 pounds. Remaining stocks of good onions are probably at least no greater than a year ago. Red varieties have been selling slightly under prevailing levels for yellow stock. Spanish onions at a range of \$1.50 to \$2 per crate brought nearly the same as last season, but this type of onion has met increasing competition from the home-grown onions of the Spanish type produced in the Rocky Mountain region.

The recent stable condition of the onion market and continued rapid clearance of the rather light supply in storage suggested a fairly favorable reception for the new Texas crop due toward the end of March. Acreage of the Bermuda type is reported near the five-year average but 10 per cent below the liberal planting of last season. Acreage of Egyptian onions which compete with this crop was reported somewhat reduced this season, but imports are considered likely to equal those of a year ago if market conditions are favorable.

Plenty of green produce.—The tendency to increase the acreage of truck crops in the South is still more evident this season than in recent years because of dissatisfaction with the cotton and sugar situation and because of various other local conditions. The leafy truck crops, as usual, will cover more land than they did the year

before. Spinach areas increased $12\frac{1}{2}$ per cent in Texas and the supply in northern markets has been about one-third heavier, resulting in low prices and efforts to restrict shipments from producing regions. Lettuce has become the leader of the truck crops, having greatly expanded acreage each of the past three seasons. Liberal and increasing supply of lettuce from California, Arizona, and various far western shipping sections has tended to check any great expansion of eastern lettuce areas.

G. B. FISKE,
Division of Fruits and Vegetables, B. A. E.

WHEN WILL THE FARM PRICE DISPARITY END?

The recent decline in agricultural prices and in their relative purchasing power again raises the question as to the duration of the present price disparity. As shown elsewhere in this issue, the purchasing power of farm products in relation to their pre-war value in exchange for nonagricultural products, which had recovered from 69 in 1921 to 89 in 1925, receded during December, 1926, to 80. One interpretation of this recession is that the pre-war relationship between agricultural and nonagricultural prices is not likely to be restored. Those holding this view look forward to an expansion in agricultural production resulting from improved methods of farming in the United States and increased areas in foreign countries, which would tend to depress farm prices. The opposite view is that the decline of the past two years is only temporary and that farm prices in the near future will regain temporarily at least their pre-war buying power because of a slowing down in the rate of agricultural production already evident.

This latter view is based largely on the fact that during the past century there has been a persistent decline in the importance of the agricultural industry as compared with all other industries. In the United States this decline is illustrated by the fact that while in 1820 86 per cent of our gainfully occupied population were engaged in agriculture, in 1920 only 24 per cent were in agriculture and 76 per cent in nonagricultural activities. Similar changes appear to have taken place in other important countries. Accompanying this gradual shift there has been a greater increase in industrial production than in agricultural and a very definite long-time tendency for farm-product prices to advance relative to nonagricultural prices.¹

More specifically, immediately before the World War one unit of farm products exchanged for three times as many units of nonagricultural products as it did immediately before the War of 1812. The relative purchasing power of farm products advanced from about 33 before the War of 1812 to 100 before the World War of 1914.

An examination of the year-to-year fluctuations in this relative purchasing power of farm products during the past 90 years reveals certain facts bearing on the probable duration of the present farm-price disparity. (1) Although the purchasing power of farm-product prices has shown a persistent upward trend, its course has been marked by almost periodic advances above the long-time trend and

¹ The long-time tendency for farm-product prices to advance relative to the general commodity price level (which included agricultural as well as nonagricultural prices) is pointed out and discussed by A. H. Hansen in the *Journal of Political Economy*, April, 1925.

recessions below it. (2) In each major advance following a period of low purchasing power the ratio of farm-product prices to nonagricultural prices has exceeded the point reached in the preceding advance. Such successively higher "peaks" have occurred in 1837, 1847, 1859, 1868, 1881, 1893, 1902, and 1918-19.

These advances and recessions in the purchasing power of farm-product prices since 1837 are illustrated in Figure 1, on page 23. The chart is so drawn as to indicate the length of time that has elapsed before the relative purchasing power of farm products exceeded its preceding high point and made a new high record. Taking the price relationships prevailing in 1837 as 100, the purchasing power of farm products fell to 73 in 1844, but reached 107 in 1847. Taking the price relationships prevailing in 1847 as 100, the relative purchasing power of farm products advanced to 126 by 1859 with no intervening marked depression. Again, taking the prices prevailing in 1859 as 100, the relative purchasing power of farm products reached 105 in 1868. The most recent peak, that of 1918 and 1919, was 123, with the price relationships in 1902 taken as 100. After these high post-war prices the ratio fell to 65 in 1921.²

Several observations may be made from a study of the relative price movement shown on this chart.³ (1) Between 1837 and 1927, a span of 90 years, there appear to have been eight distinct agricultural price movements, ranging from 9 to 16 years and averaging about 11 years. (2) Six of the eight periods show recessions from the peak attained at the end of the preceding period, but all terminate with price ratios exceeding those of the first year of each period. (3) Each of the six price-recession periods is marked by a temporary minor recovery or recoveries (such as occurred in 1925), followed by a further recession (such as occurred in 1926). (4) The strikingly different fluctuations in the two periods, 1847-1859 and 1859-1868, have to a large degree been duplicated in the two periods, 1902-1918 and 1918 to the present time. Should this history repeat itself and the present price disparity terminate somewhat before or about 1930, that recovery might be followed by another recession such as followed 1868, unless in the meantime such artificial controls of agricultural prices and productions are resorted to as have not been operative in the past.

A detailed explanation of the numerous factors influencing the agricultural and nonagricultural price changes during each of the

² This ratio should not be confused with that on page 9 of this publication. The latter is based on farm-price relationships during the 5-year period before the war.

³ The index numbers of farm-product prices for 1890-1926 are those published by the Bureau of Labor Statistics; prior to 1890, those computed by A. H. Hansen and published in the *Journal of Political Economy*, April, 1925, pp. 200-201. The index numbers of nonagricultural prices for 1910-1926 are those published by the Bureau of Labor Statistics; for 1890-1910 they are obtained by excluding the farm and food groups from the all-commodity index of the Bureau of Labor Statistics; for 1840-1890 they are obtained by excluding the food group from the all-commodity index as published in Senate Report 1394, Fifty-second Congress, p. 91. Prior to 1840, obtained from A. H. Hansen's prices of nonagricultural commodities published in Bulletin 367, Bureau of Labor Statistics, pp. 235-258.

The indexes of farm product prices are weighted index numbers for the entire period. The index numbers of nonagricultural prices are unweighted prior to 1890.

indicated periods and the factors which may be influential in the immediate future can not be given here. It may, however, be observed from an examination of available data that in the past the dominant influences have been the relative rates of production of agricultural and nonagricultural commodities, the major recessions in the purchasing power of farm products reflecting abundant crops in relation either to population or to industrial production, and the major recoveries reflecting short crops. The periods of 1847-1859 and 1907-1915 were both marked by retarded agricultural output and by expanding industrial output. To some extent the fluctuations during each period have been complicated by business depressions (for example, those which followed 1837, 1873, 1893, and 1919) and by foreign business and crop conditions.

In the present situation there appear to be factors giving substance to both of the interpretations already stated: (1) That the present price disparity will be unusually prolonged, and (2) that it will terminate, at least temporarily, in the near future.

In support of the former view may be cited the prospect of increased agricultural output in the United States, resulting from the use of more effective seeds, of more efficient livestock feeding, and of improved farm machinery, such as the combine in the Wheat Belt and cotton "sleds" in the South, all tending to lower costs per unit of production. To this prospect should be added the return of European countries to at least their pre-war levels of production and the likelihood of continued expansion of agricultural areas in such competing countries as Canada, Australia, and Argentina.

The expectation that the present disparity will end, temporarily at least, in the immediate future rests on such facts as these: Farm-crop production in the United States in recent years has hardly kept pace with the growth in population. Between 1920 and 1925 there was a moderate decline in the number of farms in the United States, a decline which may, because of the generally unprofitable returns from agricultural production and the more prosperous condition of nonagricultural industries, continue for some time. The rate of industrial output has continued to exceed that of agriculture, and during the past four years industrial prices as a whole have tended moderately downward, reflecting lower costs per unit.

It is not the purpose of this statement to forecast which factors are the more likely to prevail. The forecast is left to the reader. If it is to be based on past history as shown in Figure 1, on page 23, a final observation is necessary. It is conceivable that the World War delayed a major agricultural price recession which might have followed the relatively high prices of 1914. The present upward movement in the relative purchasing power of agricultural prices, which began after 1921, may, therefore, tend first toward the 1914 level and after the next major recession toward the 1918 level.

L. H. BEAN,
Division of Statistical and Historical Research, B. A. E.

RATIO OF FARM PRODUCT PRICES TO NON-AGRICULTURAL COMMODITY PRICES 1837 TO DATE

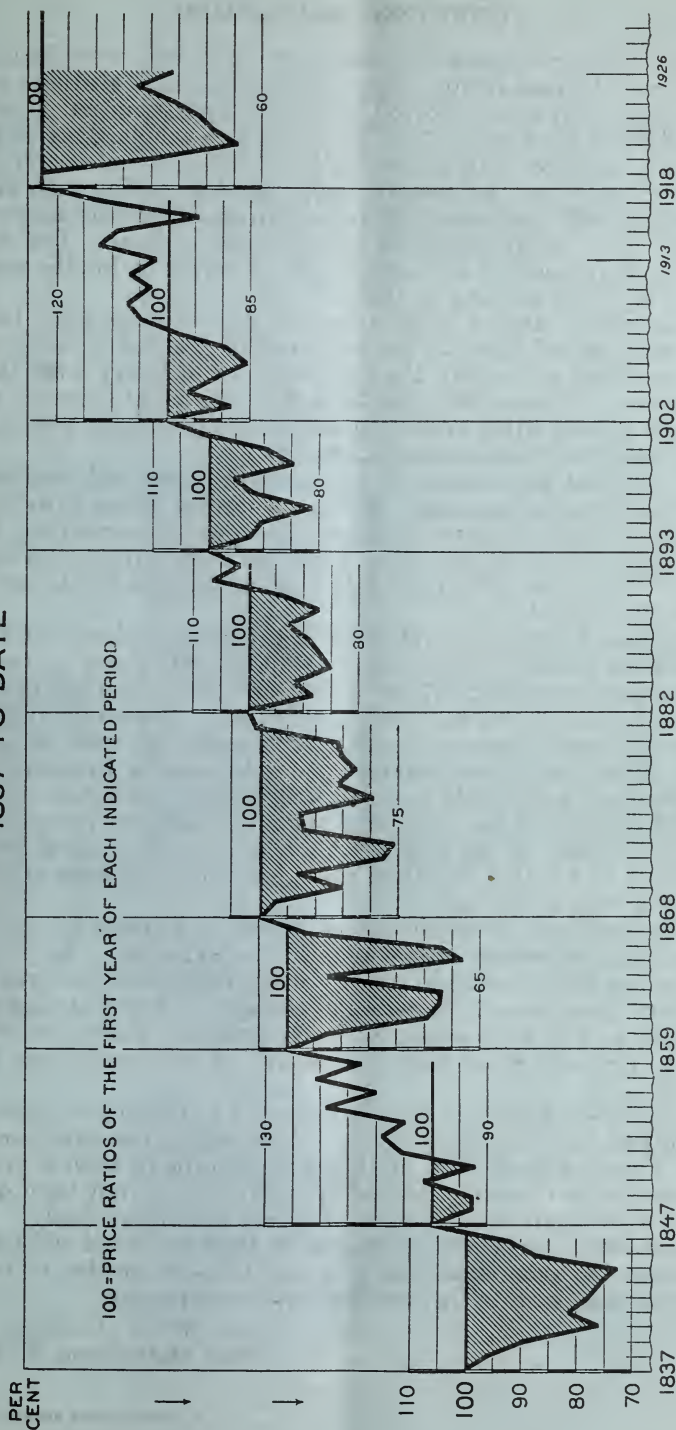


FIG. 1.—During the past 90 years the ratio of farm-product prices to nonagricultural prices has fluctuated periodically about a persistent upward trend. Each major advance has carried the ratio above the high point reached in the preceding advance. Major advances have usually been followed by recessions.

CONDITIONS IN COLORADO

Weather has continued comparatively mild, with very little moisture during the past month except snow in the high altitudes and an excessively heavy snow reported for the southwestern part of the State the middle of February. For the State as a whole there is a deficiency of moisture, with an accumulated deficiency of nearly 20 per cent over much of the eastern plains sections. The high-altitude snowfall has been just about up to normal, and reservoirs are reported as filled about as well as usual for this time of year. The outlook from the standpoint of soil moisture is discouraging for the most important dry-land farming sections.

Winter wheat started under adversely dry conditions last fall, and much acreage will have to be replanted or planted to other crops. There has been more than the usual amount of heavy wind thus far this season. There is still time for a good supply of moisture to fall, but there is very little subsoil moisture, and prolonged precipitation will be needed to make a favorable start.

For the most part ranges have continued open and available for more than the usual grazing. There is a surplus of hay in most localities where hay is an important crop, and nearly everywhere, except in the east and southeast, other feeds are sufficient for the requirements. Hay is low priced and sale slow, a situation due to less stock on feed than usual.

All livestock are doing well both in the breeding herds and in the feed lots for market. There were about 730,000 sheep on feed January 1 compared with 1,475,000 a year ago, and about 150,000 cattle compared with 100,000 last year at this time. Reports indicate that the cattle feeders expect to make some money on their operations. On the other hand, the sheep feeders are hoping for an improvement in prices that will enable them to break even. Colorado stockmen rounded the first of the year with about a 5 per cent increase in the numbers of sheep in the breeding herds of the State, about the same number of beef cattle and dairy cows, and a few less hogs and horses compared with a year ago.

There is a strong tendency to restock and to increase the cattle and sheep herds wherever suitable stock are available. To this end, finances are easier than last year. Sheep feeders haven't yet recovered from their financial losses of a year ago. They will wish to feed next season, but are looking for lower purchase prices for lambs in order to play the game with any degree of satisfaction and chance for profit.

The sugar-beet growers and the company have not yet agreed upon the contract for the coming season. New negotiations are now under way. Potatoes have been marketed more rapidly than a year ago. Some districts are nearly cleaned up. Prices have not been quite as high as a year ago but sufficient to induce marketing freely.

Reports indicate there has been more than the usual call for lands and farms by tenants and there seems to be a surplus of tenants. Many of them wish to be furnished quite completely.

W. W. PUTMAN,
State Statistician, B. A. E.